



AMERICAN FARM BUREAU FEDERATION®

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March 5, 2013

The Honorable Kevin Brady
301 Cannon House Office Building
Washington, DC 20515

The Honorable Mike Thompson
231 Cannon House Office Building
Washington, DC 20515

Dear Reps. Brady and Thompson:

Farm Bureau supports replacing the current federal income tax with a fair and equitable tax system that encourages success, savings, investment and entrepreneurship. We believe that the new code should be simple, transparent, revenue neutral and fair to agricultural producers.

We commend the Ways and Means Committee on its methodical approach to tax reform by forming working groups to review current law and to compile feedback from stakeholders, academics and think tanks, practitioners, the general public and elected representatives. We offer the following comments on energy tax policy to you as the chair and co-chair of the energy working group.

Agricultural production consumes large amounts of energy directly through products such as farm diesel or gasoline which can be highly sensitive to global uncertainty. Fuel and energy expenses now constitute more than 7 percent of a typical agricultural producer's production expenses. As energy consumers, Farm Bureau members support policies that will create a diverse, domestic energy supply to fuel America's economic growth and prosperity while strengthening our energy security.

Farm Bureau believes that a significant part of our nation's energy should come from the development and use of renewable energy sources such as ethanol, biodiesel, biomass, solar and wind. These sources are critical to our nation's energy future and will help further strengthen the overall national security of the United States. Renewable energy sources also contribute to the stability of the rural economy by creating another source of income to our nation's farmers and ranchers. For these reasons, we support tax incentives for biodiesel, biomass fuels and wind energy so that fledgling industries can develop economies of scale.

In addition, we support tax incentives to expand the distribution of renewable fuel. There is a huge gulf between infrastructure that currently exists and what is needed for renewable fuel usage to increase substantially. A study completed by Air Improvement Resource, Inc. in 2011 found that less than 1.5 percent of U.S. service stations are equipped for E85 while 33 percent is needed to provide reasonable access. In addition, massive capital investments are needed to install blender pumps that dispense "mid-level" ethanol blends of more than 10 percent of but lower than E85.

Farm Bureau thanks you for your consideration of our views on energy policy. We would be glad to meet with you to provide additional information or to discuss our positions in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Stallman', with a long horizontal flourish extending to the right.

Bob Stallman
President